Responsible Leadership and Good Governance*

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Whether leadership is responsible depends upon its purpose, how it is exercised and outcomes achieved. Corporate governance arrangements should suit stakeholder aspirations, and a company's situation, circumstances, context and stage of development. They should also evolve and adapt to changing requirements, challenges and opportunities. .

The focus of governance should switch from structural issues such as the existence of certain committees within its architecture to board and corporate behaviours, conduct and impacts. Current collective corporate activities and contemporary lifestyles are not sustainable. They are degrading the environment, reducing bio-diversity, running down natural capital and contributing to global warming and climate change.

Board decisions should reflect a company's role within eco-systems and how it affects them, and ensure the sustainable use of natural capital. The negative externalities of corporate activities must be identified, recognised, reported, addressed and subsequently monitored.

Contemporary corporations are networks of relationships. Where appropriate, governance arrangements should recognise and embrace them and supply and value chains, collaborations, public-private partnerships, new business and organisational models, and required collective responses to existential threats.

More ethical, inclusive and principle-based forms of corporate governance are required, focused on the achievement of sustainable development goals and confronting existential threats. The rationale, mission and purpose of companies should be reviewed to enable and support more sustainable, resilient and inclusive operations, lifestyles and infrastructures.

Corporate practices and priorities also need review. What about cyber-governance, environmental governance, or the governance of innovation, science and/or technology? Digital technologies could enable and support new relationships with stakeholders and more democratic, flexible and inclusive models of governance. However, given limited supplies of natural capital such as rare earths their future widespread availability should not be assumed.

Given inter-related and existential challenges and diminishing windows of opportunity to address them before certain trends become unstoppable, more radical steps, urgent corporate and collective action, and multiple approaches to governance are required.

Boards should accept a wider range of responsibilities, including to the environment and future generations. Abuses of governance, such as corruption, favouritism and nepotism must be rooted out by people of integrity. Distractions should be avoided.

Responsible leadership, action and risk taking are required. Groupthink, vested and self-interests, risk aversion, excessive caution and negative compliance can be obstacles to responsible innovation and the exploration of alternatives. They should be tackled.

Rather than just balance contending interests, boards should be more concerned with their alignment. Faced with existential threats, we have an historic opportunity to align interests around a common goal of survival, and the support of required transition and transformation journeys to more sustainable activities and lifestyles.

There are multiple paths to more desirable alternatives and lifestyles that could be simpler, healthier and less stressful. To enable quicker adaptation and multiple approaches, general corporate governance guidance and principles covering purpose, conduct, rights, responsibilities and relationships should replace standard and overly-detailed codes and rules

While there is life there is hope, but we must recognise traits of human nature that may work against us. We need realism rather than unfounded optimism that can lead to complacency. Critical thinking and responsible leadership are urgently required at all levels, and across the public, private, professional and voluntary sectors.

*Reference

Coulson-Thomas, Colin (2023), Responsible Leadership and Good Governance in Saks, Mike (editor), *Responsible Leadership: Essential to the Achievement of the UN Sustainable Development Goals*, pp 85-101, Abingdon: Routledge

Note: These remarks were delivered by Prof Colin Coulson-Thomas to introduce his chapter in the book 'Responsible Leadership, Essential to the Achievement of the UN Sustainable Development Goals' at its UK launch which was held at the University of Westminster on Friday 20th January 2023. The book is supported by the Institute for Responsible Leadership of which he is an honoured fellow and UNITAR. It is available as a hardback, paperback and e-book.

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